



WODA COOPER COMPANIES

September 26, 2022

Kim Wilbourne
LIHTC Manager
South Carolina State Housing Finance and Development Authority
300-C Outlet Pointe Blvd.
Columbia, SC 29210

RE: 2023 Draft QAP Comments

Dear Ms. Wilbourne:

On behalf of Woda Cooper Companies, Inc., thank you for allowing us the opportunity to provide constructive feedback regarding the 2nd 2023 Draft QAP.

1. Appendix C1 Section I B. Award Limitations.

While we applaud SC Housing's decision to increase the award limitation to \$3,000,000, we recommend SC Housing implement a project limitation of \$2,000,000 as well. If a single project can request up to \$3,000,000 in tax credits, this could lead to an inefficient use of valuable resources. Additionally, if a high percentage of the credit ceiling is allocated to a single project, this will limit the distribution of tax credits throughout South Carolina. Under the current draft, one county could theoretically receive up to \$6,000,000 in tax credits, about one-third of the total federal tax credits available.

2. Tax Exempt Bonds and State LIHTC.

We suggest the scoring criteria for tax exempt bonds and the state LIHTC be revised. While we recognize the desire and benefit of developments that use resources efficiently, the scoring criteria currently drafted will lead to a race-to-the-bottom format where developers compete to submit the lowest costs. During a period of rampant inflation, this will lead to submission of construction costs that are not achievable. In states that have this race-to-the-bottom format, nearly all developers subsequently request supplemental tax credits or struggle to find soft funding sources to fill the gap. We suggest the scoring to be reconsidered to get rid of this race-to-the-bottom format. One possible option would be incentivizing developments that have costs close to the average, which would incentivize honest cost estimates, or to incentivize based on location.

For example, North Carolina previously used a similar scoring metric as recently as their 2021 QAP. The language is copied below.

2. CREDITS PER UNIT AVERAGE (MAXIMUM 2 POINTS)

The Agency will calculate the average federal tax credits per low-income unit requested on a geographic set-aside basis among new construction full applications and award points based on the following:

Within 4% of the average	2 points
Within 8% of the average	1 point

Any Applicant or Principal attempting to manipulate the average, as determined by the Agency, will have any application(s) they are involved with removed from the competition.

The first key component of this scoring metric is that the closer to the average LIHTC request submitted, the higher the application scored. The second key component of this scoring metric is that this was adjusted based on set-aside. North Carolina recognized that different regions of the state will have different construction costs and LIHTC requests, so the average in a rural community may differ from the average in an urban community. For the SC Housing Tax Exempt Bonds and State LIHTC, we suggest this be based on the total construction costs per heated square foot. Example language could be "Total Construction Costs Per Heated Residential Square Foot: This criterion will rank projects from closest to average to furthest from average, based on a calculation of the total construction costs per heated residential square foot. Averages will be calculated for each set-aside listed in Appendix C1 of the QAP, and applications will be ranked on how close they are to their respective average. Any Applicant or Principal attempting to manipulate the average will have any applications they are involved with removed from consideration."

Thank you again for this opportunity to provide feedback and we look forward to working together further with the Authority to bring high quality affordable housing to the great people of South Carolina.

Sincerely,



Parker Zee, Vice President of Development
Woda Cooper Development, Inc.